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5 SEP 1973

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Department of Defense Officials Regarding  
Sale of Air America

1. By letter to the Agency, Deputy Secretary Clements requested that an ad hoc committee with officials from CIA and DOD be formed to effect the sale of Air America. Mr. Colby answered the letter by concurring in the concerns of the Department and agreeing to brief the Department on the action taken in connection with the proposed sale. He declined, however, to participate in an ad hoc committee on the subject. The purpose of this meeting was to brief DOD on the status of the proposed sale. Present at the meeting were Mr. Dennis Doolin, Col. Secord, Lt. Col. McDonald and Mr. von Marbod, all from the ISA Department of Defense. Present also were the Deputy Director for Management and Services, [ ] of the EA Division, and the undersigned.

2. Mr. Doolin and the group opened the meeting indicating that the Department had a measure of interest in the Air America complex since it contracted with them extensively and since it had supplied the company with Government-furnished equipment. They indicated that anything that happened to the company would have an affect on their plans and they considered it important to participate in any decision-making on the sale of the company. They first indicated that they wanted to make sure the Government-furnished equipment would not be included in the sale. In response we told them we would be glad to certify to them that no Government equipment was included in the package. They also indicated that the military might be required to pull out of Southeast Asia and the assets of Air America might be needed in the future. Mr. Brownman informed them that under the terms of the proposed sale the service of Air America would be available to them through a new owner.

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3. The Deputy Director for Management and Services and the undersigned briefed the group in detail on actions taken to date on the proposed sale of Air America. They were advised as to the study performed by Dixon Speas, the Bidders Conference and the visit to Southeast Asia. They were told of the Invitation to Bid and of our intention of setting a deadline sometime in October for bids. All of their questions were answered.

4. After this briefing they again raised the suggestion of an ad hoc committee to deal with the problem. Mr. Brownman informed them this suggestion had not been accepted by Mr. Colby and referred to the letter sent by Mr. Colby to the Department of Defense. They were unaware of the letter and asked for and were given a copy. They also asked for a copy of the Dixon Speas report. They were told we only had one copy of the report but that it might be possible to get another copy from a bidder not interested in the acquisition. Mr. Doolin furnished his name and address as point of contact in case a copy became available.

5. The undersigned then raised the problem of the four company S-58T aircraft. In the case of these aircraft the hulls are owned by the military and the engines by the company. We suggested that a solution to the problem would be for the company to buy the hulls. Mr. Doolin and Mr. von Marbod did not seem to think this was a problem and volunteered to look into the matter and would deal with [redacted] in an effort to solve the problem.

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6. The meeting concluded on the basis that we would continue to keep them advised of our progress in this matter.

[redacted]  
Special Assistant to the  
Deputy Director  
for Management and Services

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24 August 1973

The Honorable William P. Clements, Jr.  
The Deputy Secretary of Defense  
Washington, D. C. 20301

Dear Bill:

I fully understand the interest and concern of the Defense Department over the future of Air America and Air Asia. We are equally interested in maintaining the capability for reactivating operations if this should become necessary. I believe the way we have proceeded in this will give us reasonable assurance of a continuation of the support Air America has given us in the past but at the same time enable CIA to divest itself of an unnecessarily close relationship.

We will be delighted to explain our plans and procedures to Mr. Doolin, and we certainly will consult fully on any questions the Defense Department might have. I suggest this as a preferable vehicle to an ad hoc committee in order to ensure that any differences of opinion are given full exposure and resolution at the command level.

We will be getting in touch with Mr. Doolin to brief him and any other Defense representatives he might wish to include.

Sincerely,

*W. E. Colby*

W. E. Colby

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